

Australia

Effective since 1 July 2018.

According to Tax and Superannuation Laws Amendment (2016 Measures No1) Act 2016, electronic/digital services provided by non-resident providers fall under 10% GST.

VAT Standard rate

The standard VAT rate in Australia in 2024 is 10%

VAT Reduced rate

There is no reduced rate established.

VAT calculation peculiarity

VAT= Total revenue * 10/110.

Threshold

Registration for GST is only necessary where annual taxable supplies to Australia are in excess of AUS\$ 75,000.

Pieces of evidence

Examples of information that can assist in confirming if the purchaser is an Australian resident include:

- The purchasers;
- Billing or mailing address;
- Bank details, including the location of the bank;
- Credit card details, including any descriptor that shows the location of the credit card issuer;
- Location data from third-party payment intermediaries;
- Mobile/cell phone SIM country code;
- Telephone country code;
- Their country selection;
- Tracking/ geolocation software;
- IP (internet protocol) address;
- Place of establishment or incorporation of the purchaser (for a business purchaser);
- Representations and assurances were given by the purchaser;
- The origin of correspondence;
- Locations, such as a Wi-Fi spot, where the physical presence of the purchaser is needed.

E-services list

Australian goods and services tax (GST) applies to sales made by suppliers outside Australia to Australian consumers purchasing imported:

- Services;
- Digital services;
- Digital products.

Imported services and digital products are also known as inbound intangible consumer supplies. This term is used in a number of our guidance and ruling documents.

Examples of imported services and digital products include:

- Supplies of digital content such as e-books, movies, TV shows, music, and online newspaper subscriptions;

Online supplies of games, apps, software, and software maintenance;
Webinars or distance learning courses;
Insurance services;
Gambling services;
Online dating services;
Booking services for events or places within Australia (such as hotel accommodations or sports events);
Website design or publishing services;
Professional association services (ie membership fees);
Legal, accounting, architectural, or consultancy services.

This law ensures these types of supplies to Australian consumers are subject to GST regardless of whether they are supplied by an overseas-based merchant or an Australian merchant.

Registration procedure

Australia offers two types of tax registration for non-Australian businesses: simplified and standard.

Simplified GST

The simplified version of tax registration is designed specifically for foreign businesses that want to sell in Australia. The system allows you to register, report and pay Australian GST online. But, actually, the Simplified GST doesn't allow you to claim input tax credits. To register with Simplified GST, the merchant has to set up an AUSid account and then log into ATO's online services for non-residents.

Standard GST system

The Standard GST system is the same tax registration that Australian-based businesses use. It allows them to claim input tax credits.

VAT returns filling date

Australian returns are filed on a quarterly basis.

Penalties

If a non-resident supplier has not registered for GST or is not remitting GST on its sales to Australian consumers, tax authorities will:

- Register the non-resident supplier;
- Assess the amount of GST payable and apply a penalty.

If the merchant has not contacted tax authorities after all notices they can:

- Calculate business liability (using third-party information – for example, bank information) from the date of commencement of the law (1 July 2017);
- Apply the general interest charge (GIC) to outstanding amounts from earlier periods;
- Raise and issue a default assessment with an additional 75% administrative penalty;
- Work with the tax authority in the merchant's country to collect the debt.

Keeping records

Non-resident supplier must keep records of all transactions made to Australian consumers for five years.

VAT on physical goods

From 1st July 2018, under new rules, Australian GST will apply to foreign supplies of low value goods (LVIGs) imported into Australia by customers who are private individuals. This means that if you are a non-resident seller that makes sales or facilitates the delivery of LVIGs to Australian consumers, you will have to start collecting the GST on your supplies of LVIGs.

LVIGs are physical goods with a customs value of AUD 1,000 or less (excluding tobacco, tobacco products or alcoholic drinks). Goods with a customs value over AUD 1,000 are subject to import GST at the border.

